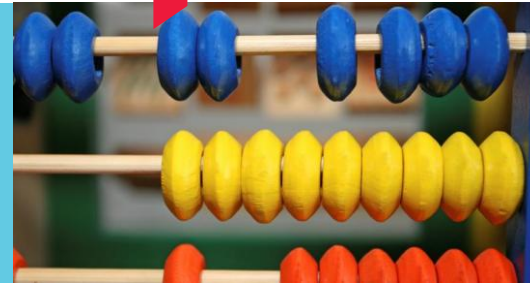


# HKFRS / IFRS UPDATE 2012/03

## MANDATORY EFFECTIVE DATE FOR HKFRS 9 AND TRANSITION DISCLOSURES



On 30 December 2011, the Hong Kong Institute of Certified Public Accountants (HKICPA) issued "*Mandatory Effective Date of HKFRS 9 and Transition Disclosures*". The document amends HKFRS 9 "*Financial Instruments*" issued in November 2009 (HKFRS 9(2009)) and in November 2010 (HKFRS 9(2010)) and HKFRS 7 "*Financial Instruments: Disclosures*" (HKFRS 7). The amendments are a textual copy of the amendments to IFRS 9 "*Financial Instruments*" and IFRS 7 "*Financial Instruments: Disclosures*" issued by the International Accounting Standards Board in December 2011. Therefore, unless otherwise specified, this update is also a summary of the key amendments to IFRS 9 and IFRS 7.

### Amendments to HKFRS 9

The amendments defer the effective date of HKFRS 9 from periods beginning on or after 1 January 2013 to periods beginning on or after 1 January 2015. Early application of HKFRS 9, both as issued in 2009 and 2010, continues to be permitted.

The amendments also modify the relief from restating prior periods. Entities that initially apply HKFRS 9 in periods beginning:

- a) Before 1 January 2012 need not restate prior periods and are not required to provide transitional disclosures (as described below).
- b) On or after 1 January 2012 and before 1 January 2013 can choose either to provide transitional disclosures or to restate prior periods.
- c) On or after 1 January 2013 are required to provide transitional disclosures. Prior periods do not need to be restated.

If prior periods are not restated, any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application is recognised in the opening retained earnings (or other component of equity as appropriate) of that annual reporting period.

### Amendments to HKFRS 7

The amendments to HKFRS 7 require additional disclosures on transition from HKAS 39 to HKFRS 9. The new transitional disclosures (HKFRS 7.44S–44W) include, but are not limited to:

### STATUS

Final

### EFFECTIVE DATE

Annual periods beginning on or after 1 January 2015 with earlier application permitted

### ACCOUNTING IMPACT

Mandatory effective date for HKFRS 9 is deferred to 1 January 2015

- Changes in the classifications of financial assets and financial liabilities, showing separately:
  - a) the changes in the carrying amounts on the basis of their measurement categories in accordance with HKAS 39 (ie not resulting from a change in measurement attribute on transition to HKFRS 9); and
  - b) the changes in the carrying amounts arising from a change in measurement attribute, such as from amortised cost to fair value, on transition to HKFRS 9.
- The following for financial assets and financial liabilities that have been reclassified so that they are measured at amortised cost as a result of the transition to HKFRS 9:
  - a) The fair value of the financial assets or financial liabilities at the end of the reporting period.
  - b) The fair value gain or loss that would have been recognised in profit or loss or other comprehensive income during the reporting period if the financial assets or financial liabilities had not been reclassified.
  - c) The effective interest rate determined on the date of reclassification.
  - d) The interest income or expense recognised.

Implementation guidance has been added to HKFRS 9, which illustrates how the quantitative disclosures might be made.

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## **BDO's support and assistance on HKFRS/IFRS**

For any support and assistance on HKFRS/IFRS, please talk to your usual BDO contact or email [info@bdo.com.hk](mailto:info@bdo.com.hk)

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